HUNTING

2014

GLOBAL MOMENTUM

Hunting PLC
2014 Half Year Report

WELCOME TO HUNTING THE UPSTREAM ENERGY SERVICES COMPANY WHICH MANUFACTURES, SUPPLIES AND DISTRIBUTES EQUIPMENT TO ENABLE THE EXTRACTION OF OIL AND GAS.

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HALF YEAR MANAGEMENT REPORT

Group Performance and Development

Overview

Hunting's performance in the first half of 2014 has been positive, with good trading momentum reported from many of the Group's businesses. The second quarter delivered stronger results than the first quarter which was adversely affected by the severe weather conditions experienced across North America.

The number of wells drilled in the US during the first half of 2014 increased by 9% compared to the first half of 2013, with a marked increase in spend noted in Q2 by operators in the region which is expected to improve further in the second half. Offshore activity in the Gulf of Mexico remained busy throughout the period with rig counts stable since the end of 2013. International rig counts have increased 5% since the start of the year, reflecting growing momentum throughout the rest of the world.

In Europe, average rig numbers in the North Sea for the period were marginally lower than in 2013, reflecting the cautious approach operators are adopting in the region. In Asia Pacific, Hunting's businesses saw some project slippage in Q1 2014, with restored levels of activity during Q2.

Oil and gas prices remained stable during the first half of the year with WTI averaging $100.84 per barrel and Henry Hub natural gas averaging $4.87/mmbtu, which supplied the continuing investment by the major industry participants. Industry commentators suggest that this macro environment will remain stable for the remainder of the year with investment likely to be sustained around current levels.

In summary, the Board remains comfortable that trading for the full year will meet its expectations, with activity levels from Q2 onwards likely to compensate for the slower Q1 trading reported.

The growth initiatives currently underway which include the new facilities under construction and the ongoing programme of internationalising the product portfolio, will provide the opportunities to support the Group's strategy of growth and continued development.

Capital Investment Programme

Hunting's capital investment programme has continued throughout the first half of 2014 with investments in the US and Europe targeted to provide further capacity to meet expected demand.

In Houma, Louisiana, the final phase of expansion has commenced with a targeted completion in Q1 2015, increasing the total manufacturing capacity to over 280,000 square feet to service the activity in the Gulf of Mexico. Long lead time equipment has been placed on order and will be installed in the second half of the year.

The new Threading facility in Houston, Texas, continues to progress. Target completion for this facility is mid-2015.

At Hunting Dearborn, the near 40% expansion of the facility to reduce delivery times has commenced, with the target completion date of Q1 2015. On completion, an additional 47,000 square feet of operational capacity will be added.

Activity on the Norwegian Continental Shelf, coupled with further international demand, has required expansion of the Group's Netherlands facility at a cost of $2.3m. Following completion in Q2 2015, the facility will have an additional 46,000 square feet of operating capacity.

The new Test facility in Houston, Texas, targeted to support the longer term research and development requirements of Hunting's product lines and help maintain a competitive advantage, remains on track for completion by mid-2015.

To support entry into new regional markets, construction of the new facility in Cape Town, South Africa, has commenced with repair shop capabilities and offices to be commissioned in Q4 2014 and the manufacturing area to be completed in early Q2 2015. As part of the Group's strategic plan for targeted growth in the region, Hunting is advancing business opportunities in Kenya to expand its geographic reach. The arrangement will provide local storage and logistics capabilities to operators in the region, in addition to general engineering services.

At 30 June 2014, the Group operated 41 manufacturing facilities and 34 distribution centres across 12 countries, with a total operating footprint of 2.8 million square feet. Approximately 0.4 million square feet of operational capacity will be commissioned as the above projects are completed, scheduled to be by the end of 2015.

The summary results for the Group from continuing operations are presented below:

Summary results	H1 2014 $m	Margin	Restated** H1 2013 $m	Margin	Change
Revenue	**687.5**		655.7		**+4.8%**
Underlying EBITDA* (note 4)	**121.3**	**18%**	116.7	18%	**+3.9%**
Depreciation	**(24.2)**		(22.2)		
Underlying profit from operations*	**97.1**	**14%**	94.5	14%	**+2.8%**
Amortisation and exceptional items (note 3)	**(24.8)**		(31.5)		
Reported profit from continuing operations*	**72.3**		63.0		**+14.8%**
Underlying diluted EPS	**44.9c**		42.2c		**+6.4%**
Reported diluted EPS	**34.7c**		28.5c		**+21.8%**
Underlying basic EPS	**46.0c**		43.3c		**+6.2%**
Reported basic EPS	**35.6c**		29.3c		**+21.5%**

* Underlying – results for the period, as reported under IFRS, adjusted for amortisation and exceptional items. Reported – results for the period under IFRS.
** H1 2013 has been restated following the change in presentational currency to US Dollars.

HALF YEAR MANAGEMENT REPORT
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Revenue
Revenue from continuing operations for the six months ended 30 June 2014 increased to $687.5m (2013 – $655.7m). Hunting Energy Services was $27.1m ahead of the comparative period with strong performances in Well Completion, up $22.7m and Well Intervention, up $14.3m, offsetting a weaker performance in Well Construction. Gibson Shipbrokers' performance also improved with revenue up $3.5m.

EBITDA and Profit
Underlying EBITDA was $121.3m, against $116.7m in 2013.

Underlying profit from continuing operations was $97.1m (2013 – $94.5m). Margins were broadly in line with the six months to 30 June 2013. Reported profit from continuing operations at $72.3m (2013 – $63.0m) was up $9.3m, after amortisation and exceptional items as noted below.

Underlying profit before tax from continuing operations was $93.9m (2013 – $91.5m) and reported profit before tax from continuing operations was $69.1m (2013 – $60.0m). Net finance expense was $2.9m (2013 – $3.3m).

Reported profit after tax from continuing operations was $53.4m (2013 – $44.5m). In 2013, discontinued operations reported an after tax profit of $12.5m, therefore total profit after tax including discontinued operations was down $3.6m versus the comparative period.

Taxation
The underlying tax charge on continuing operations was $25.2m (2013 – $26.5m) and reflects an effective tax rate of 27% (30 June 2013 – 29%; 31 December 2013 – 27%).

Amortisation and exceptional charges in the period attract a tax credit of $9.5m (2013 – $11.0m), to give a net tax charge on continuing operations of $15.7m (2013 – $15.5m).

Amortisation and Exceptional Items
The charge for intangible asset amortisation was $21.9m compared to $21.7m in 2013.

Following the half year valuation of the Group's oil and gas reserves performed for impairment purposes, a charge of $2.9m has been recognised as an exceptional item in the first half of 2014. The $9.8m of exceptional items reported in the prior period included $3.7m related to Hunting's Exploration and Production activities, $3.2m from the amortisation of fair value uplift on acquisition inventories and $2.9m legal settlement costs.

Dividend
The Board is declaring an interim dividend of 8.1 cents (2013 – 7.7 cents) per share amounting to an estimated distribution of $12.0m. The dividend will be paid in Sterling on 26 November 2014 and the Sterling value of the dividend payable per share will be fixed and announced approximately two weeks prior to the payment date, based on the average spot exchange rate over the three business days preceding the announcement date.

The dividend will be paid to those shareholders on the register at the close of business on 7 November 2014, with an ex-dividend date of 6 November 2014.

Hunting's segmental results are presented below:

Underlying profit from continuing operations	H1 2014 $m	Restated H1 2013 $m
Hunting Energy Services		
Well Construction	**24.6**	27.8
Well Completion	**60.5**	60.9
Well Intervention	**10.1**	5.7
	95.2	94.4
Other Activities		
Exploration and Production	**1.6**	0.4
Gibson Shipbrokers	**0.3**	(0.3)
Underlying profit from operations	**97.1**	94.5
Amortisation and exceptional items	**(24.8)**	(31.5)
Reported profit from continuing operations	**72.3**	63.0

HALF YEAR MANAGEMENT REPORT CONTINUED

Hunting Energy Services

Well Construction

Hunting's Premium Connections platform has reported stable trading in the first half of 2014, supported by activity in the Gulf of Mexico and international demand. The business continues to develop new product lines for the Group's global customer base and in the period completed new WEDGE-LOCK™ and SEAL-LOCK XD™ connection products for use in complex deep water applications in the Gulf of Mexico and heavy oil developments in Canada.

The Group's Drilling Tools operations suffered from the severe weather across North America during Q1 and recovered more slowly than anticipated throughout Q2. At the period end, activity had increased back to anticipated levels, with the balance of the year likely to be busy with operators keen to achieve planned drilling schedules. The business has added additional 5" mud motors to support increasing demand within the Williston Basin and Hunting's 7" mud motors continue to see good demand within the Eagle Ford shale region. Hunting continues to increase its presence in the Permian Basin in West Texas, which will underpin the remainder of 2014.

Within the Advanced Manufacturing Group ("AMG"), Hunting Dearborn has performed ahead of management expectations primarily due to increasing international demand and supportive domestic sales in North America. The business also reports an improving outlook for Measurement-While-Drilling and Logging-While-Drilling Tools from its key clients. The Hunting Electronics business has reported a subdued H1 2014, due to prolonged customer unwinding of inventory. While the business has adjusted its cost base during the reporting period, the medium term outlook for the business is improving as customers have indicated that purchasing should start to recover towards the end of the year. The AMG business has progressed its strategy to internationalise its product offering and is benefitting from a sales presence in Asia Pacific to support the global purchasing trends of Hunting's major customers.

Hunting Specialty has reported a strong performance during H1 2014 and anticipates the remainder of the year to be busy due to solid demand for its measurement tool components.

Well Completion

Hunting Titan has performed well in the reporting period, delivering good growth in revenue and profits versus the prior period. While Titan's domestic US business slowed during Q1 due to the weather in North America, overall activity for the business has increased, with a number of the facilities running at close to capacity during the reporting period. Hunting Titan continues to implement its internationalisation strategy with gun manufacturing now occurring in Canada, China and Mexico and distribution centres established in Indonesia and the UAE. New distribution facilities are also planned for Scotland, Mexico, Saudi Arabia, China and the USA to support the high levels of interest and enquiries made about Titan's product suite.

Hunting's US Manufacturing business has reported results in line with management's expectations adding new customer accounts during H1 2014, which contributed to a strong increase in the business' order book by the end of June 2014.

Hunting's international completion operations in Asia Pacific reported improving activity levels through the period, while in Europe trading in H1 2014 remained slower due to a reduced average rig count in the region.

Well Intervention

Hunting's pressure control and Thru-Tubing businesses have reported good trading during H1 2014, with demand growing in the Middle East and Asia Pacific for Hunting's product lines. During the reporting period, new clients have been captured and opportunities continue to grow in Saudi Arabia, where good levels of enquiries for the Group's pressure control, slickline and Thru-Tubing product lines have been received. Additional manufacturing facilities for Hunting's Well Intervention products are being explored in Singapore where strong demand has been identified.

At Hunting's Stafford facility, activity in the Gulf of Mexico has driven demand for its hydraulic couplings, leading to a strengthening order book and positive outlook for the business throughout the remainder of the year. The business also anticipates increasing demand for its chemical injection systems as offshore opportunities grow.

Other Activities

Exploration and Production

Hunting's exploration and production business has oil and natural gas well investments in the Southern US and the shallow waters offshore Gulf of Mexico, holding equity interests in 51 production properties. On a Barrel of Oil Equivalent ("BOE") basis, production in the first half of the year was 65,000 BOE (30 June 2013 – 81,000 BOE), with proven reserves at 30 June 2014 being 1.0m BOE (30 June 2013 – 1.1m BOE)

During the first half of 2014, the business participated in drilling three oil and gas wells; a successful development well in shallow waters offshore Louisiana and two successful development wells in Texas. The three wells have been connected to existing facilities and are now producing.

Gibson Shipbrokers

The global shipping sector remains challenging but has marginally improved from last year. The continuing legacy of overcapacity within the market remains a constraint to any notable or imminent improvement.

Gibson has continued to strengthen its position as one of the leading shipbrokers and ongoing expansion of our services remains measured and focused on reinforcing the sectors in which we currently operate.

Group Funding and Position at Half Year

Balance Sheet

Net assets reported at $1,447.6m were $32.8m higher than the year end (31 December 2013 – $1,414.8m). The net movement comprises the $53.4m retained profit for the period together with foreign exchange gains of $7.0m and other items of $4.5m offset by $32.1m of dividends declared and paid in the period.

Capital Investment

Capital investment was $54.6m in the period (2013 – $32.2m), of which $33.2m (2013 – $20.9m) was replacement spend and $21.4m (2013 – $11.3m) was new business investment. The main components of capital investment across the Group include $11.9m on drilling tools, $18.3m on machinery and equipment and $21.7m on facility expansion and improvement programmes.

Cash Flow

Net debt at 30 June 2014 was $229.0m (30 June 2013 – $240.8m) compared to net debt at 31 December 2013 of $205.8m, reflecting a net cash outflow of $23.2m in the first half of 2014. Sufficient free cash flow was generated by operations in the first half to support the capital

HALF YEAR MANAGEMENT REPORT
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investment programme. The 2013 final dividend, which was paid on 27 May 2014, absorbed $32.1m.

With reported EBITDA of $121.3m (2013 – $110.6m) in the six months to 30 June 2014, the principal cash flows in the period include an increase in working capital of $36.8m (2013 – $47.0m increase), capital investment of $54.6m (2013 – $32.2m) and tax payments of $18.1m (2013 – $5.2m). The change in working capital reflects increased inventory levels principally at Hunting Titan, Europe and Asia Pacific to meet forecast customer requirements.

Exchange Rates
Average exchange rates used to translate Sterling and Canadian Dollar denominated results into US Dollars were £0.5993 (2013 – £0.6478) and Can$1.0965 (2013 – Can$1.0158). Spot exchange rates for Sterling and Canadian Dollar at 30 June 2014 were £0.5848 and Can$1.0652, at 30 June 2013 were £0.6593 and Can$1.0550 and at 31 December 2013 were £0.6038 and Can$1.0625 respectively.

Outlook
The outlook for the Group remains positive with industry investment continuing to grow as reserve depletion rates are only partially offset by new production additions and increases in technology utilisation and efficiency.

While Hunting experienced a slow first quarter, the Group's businesses report good demand for the remainder of the year, which gives the Board comfort that its full year expectations should be met.

North America
Industry momentum remains positive, with activity in the Gulf of Mexico and recovering onshore activity driving strong demand for the Group's range of products – Hunting's Premium Connection and US Manufacturing businesses also remain very busy. The outlook for the remainder of the year is one of good growth.

UK and Europe
Activity levels on the UK Continental Shelf remain cautious, however opportunities on the Norwegian Continental Shelf are being pursued which should support regional demand in the medium term.

Middle East and Asia Pacific
Activity in the Middle East remains positive, with Hunting's Well Intervention products experiencing good demand across the region. The business anticipates that demand for Oil Country Tubular Goods ("OCTG") will pick up in the second half of the year, leading to a positive outlook for most business lines across the region.

In Asia Pacific, while competition remains high for OCTG product lines, Hunting's position remains strong given its chosen supplier relationships. Hunting's AMG, Well Intervention and Titan product lines are providing further regional demand, which supports additional personnel and facilities to be opened in the region.

Sub-Sahara Africa
In Africa, management continues to market Hunting's capabilities to operators active throughout West and East Africa, with enquiry levels showing good momentum for revenue opportunities in the medium term.

Summary
Hunting's performance in the reporting period continues to deliver year on year growth and with the expansion initiatives underway to sell its many product lines, including premium connections, accessories and perforating systems into all of its international operating hubs, the outlook for the Group is promising.

Board Change
Hunting announces that Andrew Szescila, non-executive Director, will step down from the Board on 15 September 2014. The Board thanks Andrew for his valuable contribution since joining Hunting in September 2011 and wish him well for the future. A recruitment process is underway to find a suitable replacement, the results of which will be announced in due course.

Principal Risks and Uncertainties Facing the Business
The Group has an established risk management, monitoring and review process. The process requires all businesses to identify, evaluate and monitor risks and take steps to reduce, eliminate or manage the risk.

There are a number of potential risks and uncertainties, which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results.

Some of the risks that Hunting is exposed to, which could have a material adverse impact on the Group, arise from the specific activities undertaken by the Group, whereas other risks are common to many international manufacturing companies.

Risks specific to the nature of the Group's businesses are: product quality and reliability; raw material commodity prices; integration of acquisitions; capital investment programmes; relationships with key customers and curtailment of shale drilling.

Other risks facing the business, which are common to other international manufacturing businesses, are: economics and geopolitics; loss of key executives; health, safety and environmental laws and regulations; effective control over subsidiaries and fluctuations in currency exchange rates.

The Directors do not consider that the principal risks and uncertainties have changed significantly since the publication of the Annual Report for the year ended 31 December 2013, in which these risks and uncertainties are discussed in detail on pages 34 to 37. As such these risks continue to apply to the Group for the remaining six months of the financial year.

Forward-looking Statements
Certain statements in this half year report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Richard Hunting, CBE
Chairman
28 August 2014

Dennis Proctor
Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union and that the half year management report includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7 and 4.2.8, namely:

– an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
– material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the 2013 Annual Report.

The Directors believe that the Interim Report taken as a whole is fair, balanced and understandable. In arriving at this conclusion the Board considered the opinion and recommendation of the Audit Committee who undertook the following work:

– review of early drafts of the Interim Report;
– regular review and discussion over the financial results during the period, including briefings by Group finance; and
– receipt and review of a report from the external auditors.

The Directors of the Company are listed on pages 44 and 45 in Hunting PLC's 2013 Annual Report and on the Company's website: www.huntingplc.com. Other than Andrew Szescila stepping down from the Board on 15 September 2014, there have been no changes to the Directors since the publication of the 2013 Annual Report.

On behalf of the Board

Peter Rose
Finance Director
28 August 2014

INDEPENDENT REVIEW REPORT TO HUNTING PLC

Report on the Condensed Consolidated Interim Financial Statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half year report of Hunting PLC for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What We Have Reviewed

The condensed consolidated interim financial statements, which are prepared by Hunting PLC, comprise:

– the Condensed Consolidated Balance Sheet as at 30 June 2014;
– the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
– the Condensed Consolidated Statement of Cash Flows for the period then ended;
– the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
– the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the half year report have been prepared in accordance with International Accounting Standard 34, *'Interim Financial Reporting'*, as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a Review of Condensed Consolidated Financial Statements Involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the Condensed Consolidated Interim Financial Statements and the Review

Our responsibilities and those of the Directors

The half year report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half year report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial statements in the half year report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
28 August 2014

Notes:
(a) The maintenance and integrity of the Hunting PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited Six months ended 30 June 2014			Restated Unaudited Six months ended 30 June 2013		
		Before amortisation and exceptional items $m	Amortisation and exceptional items (note 3) $m	Total $m	Before amortisation and exceptional items $m	Amortisation and exceptional items (note 3) $m	Total $m
Revenue	2	**687.5**	**–**	**687.5**	655.7	–	655.7
Cost of sales		**(454.6)**	**(2.9)**	**(457.5)**	(447.7)	(6.9)	(454.6)
Gross profit		**232.9**	**(2.9)**	**230.0**	208.0	(6.9)	201.1
Other operating income		**4.6**	**–**	**4.6**	5.0	–	5.0
Operating expenses		**(140.4)**	**(21.9)**	**(162.3)**	(118.5)	(24.6)	(143.1)
Profit from continuing operations	2	**97.1**	**(24.8)**	**72.3**	94.5	(31.5)	63.0
Finance income		**4.1**	**–**	**4.1**	6.4	–	6.4
Finance expense		**(7.0)**	**–**	**(7.0)**	(9.7)	–	(9.7)
Share of associates' post-tax (losses) profits		**(0.3)**	**–**	**(0.3)**	0.3	–	0.3
Profit before tax from continuing operations		**93.9**	**(24.8)**	**69.1**	91.5	(31.5)	60.0
Taxation	5	**(25.2)**	**9.5**	**(15.7)**	(26.5)	11.0	(15.5)
Profit for the period:							
From continuing operations		**68.7**	**(15.3)**	**53.4**	65.0	(20.5)	44.5
From discontinued operations	6	**–**	**–**	**–**	–	12.5	12.5
Profit for the period		**68.7**	**(15.3)**	**53.4**	65.0	(8.0)	57.0
Profit attributable to:							
Owners of the parent		**67.6**	**(15.3)**	**52.3**	63.3	(8.0)	55.3
Non-controlling interests		**1.1**	**–**	**1.1**	1.7	–	1.7
		68.7	**(15.3)**	**53.4**	65.0	(8.0)	57.0
Earnings per share:							
Basic – from continuing operations	7	**46.0c**		**35.6c**	43.3c		29.3c
– from discontinued operations	7	**–**		**–**	–		8.5c
Group total		**46.0c**		**35.6c**	43.3c		37.8c
Diluted – from continuing operations	7	**44.9c**		**34.7c**	42.2c		28.5c
– from discontinued operations	7	**–**		**–**	–		8.3c
Group total		**44.9c**		**34.7c**	42.2c		36.8c

CONDENSED CONSOLIDATED INCOME STATEMENT
CONTINUED

	Notes	Year ended 31 December 2013 Before amortisation and exceptional items $m	Amortisation and exceptional items (note 3) $m	Total $m
Revenue	2	1,334.0	–	1,334.0
Cost of sales		(898.9)	(14.8)	(913.7)
Gross profit		435.1	(14.8)	420.3
Other operating income		7.6	–	7.6
Operating expenses		(244.2)	(46.3)	(290.5)
Profit from continuing operations	2	198.5	(61.1)	137.4
Finance income		12.0	–	12.0
Finance expense		(14.8)	–	(14.8)
Share of associates' post-tax profits		0.4	–	0.4
Profit before tax from continuing operations		196.1	(61.1)	135.0
Taxation	5	(52.1)	23.3	(28.8)
Profit for the year:				
From continuing operations		144.0	(37.8)	106.2
From discontinued operations	6	–	15.4	15.4
Profit for the year		144.0	(22.4)	121.6
Profit attributable to:				
Owners of the parent		140.3	(22.4)	117.9
Non-controlling interests		3.7	–	3.7
		144.0	(22.4)	121.6
Earnings per share:				
Basic – from continuing operations	7	95.8c		70.0c
– from discontinued operations	7	–		10.5c
Group total		95.8c		80.5c
Diluted – from continuing operations	7	93.5c		68.3c
– from discontinued operations	7	–		10.3c
Group total		93.5c		78.6c

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June 2014 $m	Restated Unaudited Six months ended 30 June 2013 $m	Year ended 31 December 2013 $m
Comprehensive income			
Profit for the period	**53.4**	57.0	121.6
Components of other comprehensive income after tax			
Items that have been reclassified to profit or loss:			
Fair value gains and losses:			
– (gains) losses transferred to income statement on disposal of cash flow hedges	**(0.9)**	0.1	(0.2)
Items that may be reclassified subsequently to profit or loss:			
Exchange adjustments	**7.0**	(21.0)	(0.9)
Fair value gains and losses:			
– gain on available for sale investment arising during the period	**–**	–	0.2
– gains (losses) originating on cash flow hedges arising during the period	**0.3**	(0.4)	1.5
	7.3	(21.4)	0.8
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	**1.4**	(1.6)	2.8
Other comprehensive income (expense) after tax	**7.8**	(22.9)	3.4
Total comprehensive income for the period	**61.2**	34.1	125.0
Total comprehensive income attributable to:			
Owners of the parent	**59.5**	33.9	120.5
Non-controlling interests	**1.7**	0.2	4.5
	61.2	34.1	125.0

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited At 30 June 2014 $m	Restated Unaudited At 30 June 2013 $m	At 31 December 2013 $m
ASSETS				
Non-current assets				
Property, plant and equipment	8	**450.0**	401.2	431.8
Goodwill		**495.8**	493.3	495.2
Other intangible assets	9	**243.6**	280.1	263.0
Investments in associates		**4.6**	9.8	9.9
Investments		**9.6**	7.4	9.0
Retirement benefit assets		**33.3**	21.2	29.6
Trade and other receivables		**8.0**	7.8	7.5
Deferred tax assets		**2.6**	7.7	3.1
		1,247.5	1,228.5	1,249.1
Current assets				
Inventories		**420.8**	407.9	386.3
Trade and other receivables		**307.1**	269.3	264.8
Current tax assets		**8.5**	1.0	3.9
Investments		**4.2**	4.8	2.0
Cash and cash equivalents		**91.3**	145.2	167.4
		831.9	828.2	824.4
LIABILITIES				
Current liabilities				
Trade and other payables		**206.3**	221.2	176.5
Current tax liabilities		**17.3**	22.8	21.0
Borrowings		**84.3**	150.3	135.9
Provisions		**8.5**	7.6	8.0
		316.4	401.9	341.4
Net current assets		**515.5**	426.3	483.0
Non-current liabilities				
Borrowings		**240.2**	240.5	239.3
Deferred tax liabilities		**38.9**	39.8	34.7
Provisions		**24.2**	26.1	25.4
Other payables		**12.1**	11.4	17.9
		315.4	317.8	317.3
Net assets		**1,447.6**	1,337.0	1,414.8
Equity attributable to owners of the parent				
Share capital		**61.6**	61.2	61.3
Share premium		**151.9**	149.8	150.6
Other components of equity		**46.2**	20.5	41.6
Retained earnings		**1,155.3**	1,075.6	1,130.4
		1,415.0	1,307.1	1,383.9
Non-controlling interests		**32.6**	29.9	30.9
Total equity		**1,447.6**	1,337.0	1,414.8

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 30 June 2014						
	Share capital $m	Share premium $m	Other components of equity $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
At 1 January	**61.3**	**150.6**	**41.6**	**1,130.4**	**1,383.9**	**30.9**	**1,414.8**
Profit for the period	**–**	**–**	**–**	**52.3**	**52.3**	**1.1**	**53.4**
Other comprehensive income	**–**	**–**	**5.8**	**1.4**	**7.2**	**0.6**	**7.8**
Total comprehensive income	**–**	**–**	**5.8**	**53.7**	**59.5**	**1.7**	**61.2**
Dividends	**–**	**–**	**–**	**(32.1)**	**(32.1)**	**–**	**(32.1)**
Shares issued							
– share option schemes and awards	**0.3**	**1.3**	**–**	**–**	**1.6**	**–**	**1.6**
Treasury shares							
– purchase of treasury shares	**–**	**–**	**–**	**(7.5)**	**(7.5)**	**–**	**(7.5)**
Share options and awards							
– value of employee services	**–**	**–**	**2.9**	**–**	**2.9**	**–**	**2.9**
– discharge	**–**	**–**	**(4.1)**	**10.8**	**6.7**	**–**	**6.7**
Total transactions with owners	**0.3**	**1.3**	**(1.2)**	**(28.8)**	**(28.4)**	**–**	**(28.4)**
At 30 June	**61.6**	**151.9**	**46.2**	**1,155.3**	**1,415.0**	**32.6**	**1,447.6**

	Restated Unaudited Six months ended 30 June 2013						
	Share capital $m	Share premium $m	Other components of equity $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
At 1 January restated	61.0	149.1	42.0	1,050.9	1,303.0	29.7	1,332.7
Profit for the period	–	–	–	55.3	55.3	1.7	57.0
Other comprehensive expense	–	–	(19.8)	(1.6)	(21.4)	(1.5)	(22.9)
Total comprehensive (expense) income	–	–	(19.8)	53.7	33.9	0.2	34.1
Dividends	–	–	–	(31.2)	(31.2)	–	(31.2)
Shares issued							
– share option schemes and awards	0.2	0.7	–	–	0.9	–	0.9
Treasury shares							
– purchase of treasury shares	–	–	–	(6.7)	(6.7)	–	(6.7)
Share options and awards							
– value of employee services	–	–	1.6	–	1.6	–	1.6
– discharge	–	–	(3.3)	8.9	5.6	–	5.6
Total transactions with owners	0.2	0.7	(1.7)	(29.0)	(29.8)	–	(29.8)
At 30 June	61.2	149.8	20.5	1,075.6	1,307.1	29.9	1,337.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

	Year ended 31 December 2013						
	Share capital $m	Share premium $m	Other components of equity $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
At 1 January restated	61.0	149.1	42.0	1,050.9	1,303.0	29.7	1,332.7
Profit for the year	–	–	–	117.9	117.9	3.7	121.6
Other comprehensive (expense) income	–	–	(0.2)	2.8	2.6	0.8	3.4
Total comprehensive (expense) income	–	–	(0.2)	120.7	120.5	4.5	125.0
Dividends	–	–	–	(42.5)	(42.5)	(3.3)	(45.8)
Shares issued							
– share option schemes and awards	0.3	1.5	–	–	1.8	–	1.8
Treasury shares							
– purchase of treasury shares	–	–	–	(6.7)	(6.7)	–	(6.7)
Share options and awards							
– value of employee services	–	–	3.4	–	3.4	–	3.4
– discharge	–	–	(3.6)	9.2	5.6	–	5.6
– taxation	–	–	–	(1.3)	(1.3)	–	(1.3)
Other	–	–	–	0.1	0.1	–	0.1
Total transactions with owners	0.3	1.5	(0.2)	(41.2)	(39.6)	(3.3)	(42.9)
At 31 December	61.3	150.6	41.6	1,130.4	1,383.9	30.9	1,414.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Unaudited Six months ended 30 June 2014 $m	Restated Unaudited Six months ended 30 June 2013 $m	Year ended 31 December 2013 $m
Operating activities				
Profit from operations		**72.3**	63.0	137.4
Depreciation, amortisation and impairment		**49.0**	47.6	98.2
Loss (profit) on disposal of property, plant and equipment		**3.5**	1.8	(0.1)
Proceeds from disposal of property, plant and equipment held for rental		**3.0**	2.9	8.9
Purchase of property, plant and equipment held for rental		**(11.9)**	(11.2)	(26.1)
(Increase) decrease in inventories		**(31.4)**	(19.3)	11.0
Increase in receivables		**(37.2)**	(15.1)	(0.8)
Increase (decrease) in payables		**31.8**	(12.6)	(26.2)
Decrease in provisions		**(1.8)**	(1.6)	(4.2)
Taxation paid		**(18.1)**	(5.2)	(20.4)
Other non-cash flow items		**3.0**	1.2	2.3
Net cash inflow from operating activities		**62.2**	51.5	180.0
Investing activities				
Interest received		**1.5**	1.2	2.6
Dividends received from associates		**4.4**	1.2	1.2
Purchase of subsidiaries	10	**(3.0)**	(10.7)	(10.7)
Indemnity receipts in respect of disposed subsidiaries		**–**	14.6	17.7
Proceeds from disposal of associates		**0.2**	–	–
Net movement on loans to and from associates		**(0.1)**	0.3	0.3
Proceeds from disposal of property, plant and equipment		**0.3**	1.2	5.4
Purchase of property, plant and equipment		**(42.7)**	(21.0)	(68.9)
Purchase of intangible assets		**(2.4)**	(0.6)	(5.1)
(Increase) decrease in bank deposit investments		**(2.0)**	–	3.0
Net cash outflow from investing activities		**(43.8)**	(13.8)	(54.5)
Financing activities				
Interest and bank fees paid		**(4.4)**	(4.3)	(8.9)
Equity dividends paid		**(32.1)**	–	(42.5)
Non-controlling interest dividend paid		**–**	–	(3.3)
Share capital issued		**1.6**	0.9	1.8
Purchase of treasury shares		**(7.5)**	(6.7)	(6.7)
Proceeds from new borrowings		**12.7**	24.6	11.3
Repayment of borrowings		**–**	(69.4)	(71.5)
Net cash outflow from financing activities		**(29.7)**	(54.9)	(119.8)
Net cash (outflow) inflow in cash and cash equivalents		**(11.3)**	(17.2)	5.7
Cash and cash equivalents at the beginning of the period		**52.4**	47.2	47.2
Effect of foreign exchange rates		**(0.4)**	(0.8)	(0.5)
Cash and cash equivalents at the end of the period		**40.7**	29.2	52.4

Cash and cash equivalents at the end of the period comprise:			
Cash at bank and in hand	**91.3**	145.2	167.4
Bank overdrafts included in borrowings	**(50.6)**	(116.0)	(115.0)
	40.7	29.2	52.4

NOTES

1. Basis of Accounting

The financial information contained in this half year report complies with IAS 34 *Interim Financial Reporting*, as adopted by the European Union, and with the Disclosure and Transparency Rules of the Financial Conduct Authority. The condensed set of consolidated financial statements should be read in conjunction with the 2013 Annual Report and Accounts, which have been prepared in accordance with the Companies Act 2006 and IFRSs and IFRICs, as adopted by the European Union. The accounting policies adopted in this condensed set of consolidated interim financial statements are consistent with those used to prepare the 2013 Annual Report and Accounts except as described below.

The following have been adopted and are effective for the financial year ending 31 December 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (revised) Separate Financial Statements
- IAS 28 (revised) Investments in Associates and Joint Ventures
- IFRIC 21 Levies
- Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

There has been no impact on the Group's financial position or performance from the adoption of these IFRSs or IFRIC interpretations.

Standards effective subsequent to the period end, which are being assessed to determine whether there is a significant impact on the Group's results or financial position include:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

In preparing this condensed set of consolidated financial statements, the significant judgements, estimates and assumptions made by management in applying the Group's accounting policies were the same as those applied in the 2013 Annual Report and Accounts.

Terms used in this condensed set of consolidated financial statements are defined in the Glossary on pages 152 to 154 contained in the 2013 Annual Report and Accounts.

This half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2013 has been delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. This condensed set of consolidated interim financial statements has been reviewed, not audited.

Change in Presentational Currency

Following the change in the currency in which the Group presents its financial statements from Sterling to US Dollars, the Group's condensed consolidated financial statements for the six months ended 2013 have been restated in US Dollars.

The average exchange rates used to translate the Group's results into US Dollars are as follows:

Exchange rates	Six months ended 30 June 2013
US$/£ – average	0.6478
US$/£ – period end	0.6593

Going Concern Basis

The Group has a broad range of products and services, a large portfolio of production and storage facilities, a sufficiently diverse global customer and supplier base and meets its day-to-day working capital requirements through its cash and debt facilities.

The Group retains limited exposure to credit risk as it has strong, well-developed relationships with its major customers and maintains insurance cover for 96% of its trade receivables.

In conducting its review of the Group's ability to remain as a going concern for the foreseeable future, the Board assessed the Group's recent trading position and its latest forecasts and took account of reasonably predictable changes in future trading performance. The Board also considered the Group's current business model, its strategy, the principal risks and the potential financial impact of the estimates, judgements and assumptions that were used to prepare these financial statements. The Board is satisfied that all material uncertainties have been identified and they are not considered to be sufficiently material to impact the financial viability of the Group.

NOTES
CONTINUED

1. Basis of Accounting continued
The Group has access to considerable financial resources including a $641m (£375m) committed bank facility. The main financial covenants attached to this facility are (1) EBITDA should not be less than four times net finance charges, and (2) net debt should be no more than three times adjusted EBITDA. The Group continues to have significant headroom over both covenants.

The Board is satisfied that it has conducted a robust review of the Group's foreseeable future and has a high level of confidence that the Group has the necessary liquid resources to meet its liabilities as they fall due, will be able to sustain its operational requirements and will remain solvent during that period. Consequently the Board continues to adopt the going concern basis of accounting in preparing these condensed consolidated interim financial statements.

2. Segmental Reporting
The Group reports on seven operating segments, two of which are discontinued operations, in its internal management reports, which are used to make strategic decisions. The Group's segments are strategic business units that offer different products and services to international oil and gas companies, undertake exploration and production activities and provide broking services to the shipping sector.

The Well Construction segment provides products and services used by customers for the drilling phase of oil and gas wells, along with associated equipment used by the underground construction industry for telecommunication infrastructure build-out and precision machining services for the energy, aviation and power generation sectors.

The Well Completion segment provides products and services used by customers for the completion phase of oil and gas wells.

The Well Intervention segment provides products and services used by customers for the production, maintenance and restoration of existing oil and gas wells.

The Exploration and Production segment includes the Group's oil and gas exploration and production activities in the Southern US and offshore Gulf of Mexico. The Board of Hunting will not be making any new capital investment, beyond where the division has contractual commitments and so the division will in future focus on producing out its remaining reserves, with a view to winding down the operation.

Gibson Shipbrokers is a global energy shipping broker headquartered in London. Crude oil, fuel oil and bio fuels are shipped along with dry bulk such as coal, iron ore and grain. Gibson Shipbrokers is also involved in the shipping of liquefied petroleum gas ("LPG"), petrochemicals and liquefied natural gas ("LNG").

The discontinued operations comprise Field Aviation, which was sold in 2012, and Gibson Energy, which was sold in 2008. Gibson Energy and Field Aviation continue to generate accounting entries due to sale related transactions and are required for reconciliation purposes.

The following tables present the results of the operating segments on the same basis as that used for internal reporting purposes to the Chief Operating Decision Maker.

The Group measures the performance of its operating segments based on revenue and profit from operations, before exceptional items and the amortisation of intangible assets. Accounting policies used for segment reporting reflect those used for the Group. Inter-segment sales are priced on an arm's length basis. Costs and overheads incurred centrally are apportioned to the continuing operating segments on the basis of time attributed to those operations by senior executives.

There has been no change in the basis of measurement of segment profit or loss since the year ended 31 December 2013.

NOTES
CONTINUED

2. Segmental Reporting continued

Results from Operations

	Six months ended 30 June 2014					
	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	Profit from operations before amortisation and exceptional items $m	Amortisation and exceptional items $m	Total $m
Continuing operations:						
Hunting Energy Services						
Well Construction	**185.1**	**(2.9)**	**182.2**	**24.6**	**(3.7)**	**20.9**
Well Completion	**417.0**	**(6.3)**	**410.7**	**60.5**	**(17.7)**	**42.8**
Well Intervention	**65.7**	**–**	**65.7**	**10.1**	**(0.5)**	**9.6**
	667.8	**(9.2)**	**658.6**	**95.2**	**(21.9)**	**73.3**
Other Activities						
Exploration and Production	**5.5**	**–**	**5.5**	**1.6**	**(2.9)**	**(1.3)**
Gibson Shipbrokers	**23.4**	**–**	**23.4**	**0.3**	**–**	**0.3**
Total from continuing operations	**696.7**	**(9.2)**	**687.5**	**97.1**	**(24.8)**	**72.3**
Net finance expense				**(2.9)**	**–**	**(2.9)**
Share of associates' post-tax losses				**(0.3)**	**–**	**(0.3)**
Profit before tax from continuing operations				**93.9**	**(24.8)**	**69.1**

	Restated Six months ended 30 June 2013					
	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	Profit from operations before amortisation and exceptional items $m	Amortisation and exceptional items $m	Total $m
Continuing operations:						
Hunting Energy Services						
Well Construction	195.7	(3.6)	192.1	27.8	(3.7)	24.1
Well Completion	393.8	(5.8)	388.0	60.9	(23.6)	37.3
Well Intervention	51.4	–	51.4	5.7	(0.5)	5.2
	640.9	(9.4)	631.5	94.4	(27.8)	66.6
Other Activities						
Exploration and Production	4.3	–	4.3	0.4	(3.7)	(3.3)
Gibson Shipbrokers	19.9	–	19.9	(0.3)	–	(0.3)
Total from continuing operations	665.1	(9.4)	655.7	94.5	(31.5)	63.0
Net finance expense				(3.3)	–	(3.3)
Share of associates' post-tax profits				0.3	–	0.3
Profit before tax from continuing operations				91.5	(31.5)	60.0
Discontinued operations:						
Gibson Energy	–	–	–	–	12.6	12.6
Field Aviation	–	–	–	–	(0.1)	(0.1)
Total from discontinued operations	–	–	–	–	12.5	12.5

NOTES
CONTINUED

2. Segmental Reporting continued

	Year ended 31 December 2013					
	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	Profit from operations before amortisation and exceptional items $m	Amortisation and exceptional items $m	Total $m
Continuing operations:						
Hunting Energy Services						
Well Construction	387.9	(7.0)	380.9	58.6	(7.4)	51.2
Well Completion	805.6	(9.5)	796.1	124.5	(42.3)	82.2
Well Intervention	108.6	–	108.6	15.7	(0.9)	14.8
	1,302.1	(16.5)	1,285.6	198.8	(50.6)	148.2
Other Activities						
Exploration and Production	8.0	–	8.0	1.2	(10.5)	(9.3)
Gibson Shipbrokers	40.4	–	40.4	(1.5)	–	(1.5)
Total from continuing operations	1,350.5	(16.5)	1,334.0	198.5	(61.1)	137.4
Net finance expense				(2.8)	–	(2.8)
Share of associates' post-tax profits				0.4	–	0.4
Profit before tax from continuing operations				196.1	(61.1)	135.0
Discontinued operations:						
Gibson Energy	–	–	–	–	15.7	15.7
Field Aviation	–	–	–	–	(0.2)	(0.2)
Total from discontinued operations	–	–	–	–	15.5	15.5
Taxation				–	(0.1)	(0.1)
Profit from discontinued operations				–	15.4	15.4

NOTES
CONTINUED

2. Segmental Reporting continued

Geographical Information

	Total revenue			Profit from operations before amortisation and exceptional items		
	Six months ended 30 June 2014 $m	Six months ended 30 June 2013 $m	Year ended 31 December 2013 $m	**Six months ended 30 June 2014 $m**	Six months ended 30 June 2013 $m	Year ended 31 December 2013 $m
Continuing operations:						
Hunting Energy Services						
USA	**407.1**	397.4	798.8	**74.8**	74.2	155.8
Canada	**41.5**	30.7	75.3	**0.8**	(1.0)	(2.4)
North America	**448.6**	428.1	874.1	**75.6**	73.2	153.4
UK	**77.7**	74.6	148.6	**2.2**	5.7	11.3
Rest of Europe	**15.2**	13.2	27.4	**1.4**	1.5	3.0
Europe	**92.9**	87.8	176.0	**3.6**	7.2	14.3
Singapore	**76.0**	72.2	144.7	**14.1**	13.2	28.1
Rest of Asia Pacific	**33.1**	35.2	72.2	**1.3**	0.5	2.3
Asia Pacific	**109.1**	107.4	216.9	**15.4**	13.7	30.4
Middle East, Africa and Other	**8.0**	8.2	18.6	**0.6**	0.3	0.7
	658.6	631.5	1,285.6	**95.2**	94.4	198.8
Other Activities						
UK	**20.6**	17.6	35.4	**0.4**	(0.3)	(0.8)
USA	**5.5**	4.3	8.0	**1.6**	0.4	1.2
Other	**2.8**	2.3	5.0	**(0.1)**	–	(0.7)
Total from continuing operations	**687.5**	655.7	1,334.0	**97.1**	94.5	198.5

3. Amortisation and Exceptional Items

	Six months ended 30 June 2014 $m	Restated Six months ended 30 June 2013 $m	Year ended 31 December 2013 $m
Impairment of property, plant and equipment	**2.9**	2.9	7.9
Fair value uplift to inventories charge	**–**	3.2	4.3
Dry hole costs	**–**	0.8	2.6
Charged to cost of sales	**2.9**	6.9	14.8
Amortisation of intangible assets	**21.9**	21.7	43.4
Settlement of litigation and associated legal expenses	**–**	2.9	2.9
Charged to operating expenses	**21.9**	24.6	46.3
Amortisation and exceptional items	**24.8**	31.5	61.1
Taxation on amortisation and exceptional items	**(9.5)**	(11.0)	(23.3)
Total from continuing operations	**15.3**	20.5	37.8

NOTES
CONTINUED

3. Amortisation and Exceptional Items continued
Following a valuation of oil and gas reserves at 30 June 2014 performed for impairment purposes, a charge of $2.9m (2013 – $2.9m) for oil and gas development expenditure was incurred in the period reflecting a reduction in reserve estimates compared to those at 31 December 2013.

Under IFRS, at acquisition, inventory values are adjusted from their carrying values (generally at cost of production) to a fair value, which includes profit attributable to the degree of completion of the inventory. This uplift is charged to the income statement as the inventory is sold, thereby reducing reported operating profits. In the six months ended 30 June 2014, the charge was $nil (2013 – $3.2m) relating to acquisitions completed in the second half of 2011.

Dry hole costs of $0.8m were incurred and paid during the first half of 2013 from our Exploration and Production activities.

During 2013, the Group settled a pre-acquisition litigation case brought against one of its subsidiaries. The settlement cost and associated legal expenses amounted to $2.9m.

4. EBITDA

	Six months ended 30 June 2014 $m	Restated Six months ended 30 June 2013 $m	Year ended 31 December 2013 $m
Reported profit from continuing operations	**72.3**	63.0	137.4
Add: amortisation and exceptional items (note 3)	**24.8**	31.5	61.1
Add: depreciation	**24.2**	22.2	44.3
Underlying EBITDA	**121.3**	116.7	242.8
Less: exceptional items impacting EBITDA	**–**	(6.1)	(7.2)
Reported EBITDA	**121.3**	110.6	235.6

"EBITDA" is a non-GAAP measure and underlying EBITDA is defined as pre-exceptional profit from continuing operations before interest, tax, depreciation, amortisation and impairment to property, plant and equipment. EBITDA is used by the Board as a measure of the Group's performance.

5. Taxation
The taxation charge for the six months ended 30 June 2014 is calculated by applying the estimated annual Group effective rate of tax to the profit for the period.

The estimated weighted average tax rate for continuing operations before amortisation and exceptional items for the year ending 31 December 2014 is 27% and has been used for the six months ended 30 June 2014 (six months ended 30 June 2013 – 29%; year ended 31 December 2013 – 27%).

Included in the income statement are tax credits of $9.5m in respect of amortisation and exceptional items from continuing operations (six months ended 30 June 2013 – $11.0m; year ended 31 December 2013 – $23.3m).

6. Discontinued Operations
Gibson Energy
The sale of Gibson Energy Inc., Hunting's Canadian midstream services operation, was completed on 12 December 2008. The settlement of related tax disputes gave rise to gains in 2013.

	Restated Six months ended 30 June 2013			Year ended 31 December 2013		
	Field Aviation $m	Gibson Energy $m	Total $m	Field Aviation $m	Gibson Energy $m	Total $m
(Loss) gain on disposal:						
(Loss) gain on disposal before tax	(0.1)	12.6	12.5	(0.2)	15.7	15.5
Taxation	–	–	–	–	(0.1)	(0.1)
Total (loss) profit from discontinued operations	(0.1)	12.6	12.5	(0.2)	15.6	15.4

NOTES
CONTINUED

7. Earnings per Share

Basic earnings per share is calculated by dividing the earnings attributable to Ordinary shareholders by the weighted average number of Ordinary shares outstanding during the period.

For diluted earnings per share, the weighted average number of outstanding Ordinary shares is adjusted to assume conversion of all dilutive potential Ordinary shares. The dilution in respect of share options applies where the exercise price is less than the average market price of the Company's Ordinary shares during the period and the possible issue of shares under the Group's long-term incentive plans.

Reconciliations of the earnings and weighted average number of Ordinary shares used in the calculations are set out below:

	Six months ended 30 June 2014 $m	Restated Six months ended 30 June 2013 $m	Year ended 31 December 2013 $m
Basic and diluted earnings attributable to Ordinary shareholders:			
From continuing operations	**52.3**	42.8	102.5
From discontinued operations	**–**	12.5	15.4
Total	**52.3**	55.3	117.9
Basic and diluted earnings attributable to Ordinary shareholders before amortisation and exceptional items:			
From continuing operations	**52.3**	42.8	102.5
Add: amortisation and exceptional items after taxation	**15.3**	20.5	37.8
Total	**67.6**	63.3	140.3
From discontinued operations	**–**	12.5	15.4
Add: exceptional items after taxation	**–**	(12.5)	(15.4)
Total	**–**	–	–
	millions	millions	millions
Basic weighted average number of Ordinary shares	**147.2**	146.4	146.5
Dilutive outstanding share options	**0.5**	1.1	1.1
Long-term incentive plans	**3.0**	2.6	2.4
Adjusted weighted average number of Ordinary shares	**150.7**	150.1	150.0
	cents	cents	cents
Basic EPS:			
From continuing operations	**35.6**	29.3	70.0
From discontinued operations	**–**	8.5	10.5
	35.6	37.8	80.5
Diluted EPS:			
From continuing operations	**34.7**	28.5	68.3
From discontinued operations	**–**	8.3	10.3
	34.7	36.8	78.6
Earnings per share before amortisation and exceptional items*			
Basic EPS:			
From continuing operations	**46.0**	43.3	95.8
From discontinued operations	**–**	–	–
	46.0	43.3	95.8
Diluted EPS:			
From continuing operations	**44.9**	42.2	93.5
From discontinued operations	**–**	–	–
	44.9	42.2	93.5

* Earnings per share before amortisation and exceptional items is a non-GAAP measure.

NOTES
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8. Property, Plant and Equipment

During the first six months of 2014, the net book value of property, plant and equipment increased from $431.8m to $450.0m due to additions of $50.3m and foreign exchange adjustments of $1.9m, offset by disposals of $6.9m, depreciation of $24.2m and impairments of $2.9m.

Additions include $18.7m for land and buildings, $16.4m for plant, machinery and motor vehicles, $12.8m for rental tools and $2.4m for oil and gas exploration and development.

9. Other Intangible Assets

During the first six months of 2014, the net book value of other intangible assets decreased from $263.0m to $243.6m due to amortisation of $21.9m, offset by foreign exchange adjustments of $0.1m and $2.4m additions.

10. Acquisitions

Hunting Specialty Supply LLP

On 16 January 2014, a final payment of $3.0m was made to the sellers of Specialty in respect of the contingent consideration arrangement.

11. Dividends Paid

	Six months ended 30 June 2014 $m	Six months ended 30 June 2013 $m	Year ended 31 December 2013 $m
Ordinary dividends:			
2013 final paid – 21.8c	**32.1**	–	–
2013 interim paid – 7.7c	**–**	–	11.3
2012 final paid – 21.3c	**–**	–	31.2
	32.1	–	42.5

The 2013 final dividend was paid on 27 May 2014 (2012 final dividend paid 1 July 2013). A 2014 interim dividend of 8.1c per share, which will absorb an estimated $12.0m, has been approved by the Board for payment on 26 November 2014 to shareholders on the register at the close of business on 7 November 2014, with an ex-dividend date of 6 November 2014. The dividend will be paid in Sterling and the Sterling value of the dividend payable per share will be fixed and announced approximately two weeks prior to the payment date based on the average spot exchange rate over the three business days preceding the announcement date. The Company will announce the Sterling interim dividend amount on or around 12 November 2014.

12. Changes in Net Debt

	At 1 January 2014 $m	**Cash flow $m**	**Exchange movements $m**	**Amortisation of loan facility fees $m**	**At 30 June 2014 $m**
Cash and cash equivalents	**167.4**	**(77.2)**	**1.1**	**–**	**91.3**
Bank overdrafts	**(115.0)**	**65.9**	**(1.5)**	**–**	**(50.6)**
	52.4	**(11.3)**	**(0.4)**	**–**	**40.7**
Current investments	**2.0**	**2.0**	**0.2**	**–**	**4.2**
Non-current borrowings	**(239.3)**	**–**	**–**	**(0.9)**	**(240.2)**
Current borrowings	**(20.9)**	**(12.7)**	**(0.1)**	**–**	**(33.7)**
Total net debt	**(205.8)**	**(22.0)**	**(0.3)**	**(0.9)**	**(229.0)**

	At 1 January 2013 $m	Cash flow $m	Exchange movements $m	Amortisation of loan facility fees $m	At 30 June 2013 $m
Cash and cash equivalents	165.3	(13.0)	(7.1)	–	145.2
Bank overdrafts	(118.1)	(4.2)	6.3	–	(116.0)
	47.2	(17.2)	(0.8)	–	29.2
Current investments	5.1	–	(0.3)	–	4.8
Non-current borrowings	(304.7)	65.0	–	(0.8)	(240.5)
Current borrowings	(14.0)	(20.2)	(0.1)	–	(34.3)
Total net debt	(266.4)	27.6	(1.2)	(0.8)	(240.8)

NOTES
CONTINUED

12. Changes in Net Debt continued
Net debt is a non-GAAP measure and is defined as bank overdrafts, current and non-current borrowings and finance leases less cash and cash equivalents and current investments.

13. Capital Commitments
Group capital expenditure committed, for the purchase of property, plant and equipment, but not provided for in the six months ended 30 June 2014 amounted to $32.1m (at 30 June 2013 – $25.6m; at 31 December 2013 – $19.2m).

14. Financial Instruments: Fair Values
The carrying value of investments, non-current trade and other receivables, net trade receivables, accrued revenue, other receivables, deposits maturing after three months, cash and cash equivalents, trade payables, accruals, other payables, provisions, bank overdrafts, unsecured bank loans and other unsecured loans approximates their fair value. Drawdowns under the multi-currency loan facility are for periods of one month or less, and as a result, the carrying value and the fair value are considered to be the same.

The following tables present the Group's financial assets and liabilities that are measured at fair value at the period end and show the level in the fair value hierarchy in which the fair value measurements are categorised. There were no transfers between Level 1 and Level 2 during the period.

	Fair value at 30 June 2014 $m	Level 1 $m	Level 2 $m	Level 3 $m
Non-current investments				
Unlisted equity investments	**0.4**	**–**	**–**	**0.4**
Listed equity investments and mutual funds	**8.6**	**8.6**	**–**	**–**
Environmental escrow	**0.6**	**–**	**–**	**0.6**
Derivatives held for trading				
Derivative financial assets	**0.2**	**–**	**0.2**	**–**
Derivative financial liabilities	**(0.1)**	**–**	**(0.1)**	**–**
Derivatives at fair value through equity				
Derivative financial assets	**1.1**	**–**	**1.1**	**–**
Total	**10.8**	**8.6**	**1.2**	**1.0**

	Restated			
	Fair value at 30 June 2013 $m	Level 1 $m	Level 2 $m	Level 3 $m
Non-current investments				
Unlisted equity investments	0.3	–	–	0.3
Listed equity investments and mutual funds	6.7	6.7	–	–
Environmental escrow	0.4	–	–	0.4
Derivative financial assets	0.1	–	0.1	–
Derivatives held for trading				
Derivative financial liabilities	(0.1)	–	(0.1)	–
Derivatives at fair value through equity				
Derivative financial assets	0.1	–	0.1	–
Derivative financial liabilities	(0.5)	–	(0.5)	–
Current liabilities				
Contingent consideration	(2.8)	–	–	(2.8)
Total	4.2	6.7	(0.4)	(2.1)

NOTES
CONTINUED

14. Financial Instruments: Fair Values continued

	Fair value at 31 December 2013 $m	Level 1 $m	Level 2 $m	Level 3 $m
Non-current investments				
Unlisted equity investments	0.4	–	–	0.4
Listed equity investments and mutual funds	8.0	8.0	–	–
Environmental escrow	0.6	–	–	0.6
Derivatives held for trading				
Derivative financial liabilities	(0.1)	–	(0.1)	–
Derivatives at fair value through equity				
Derivative financial assets	1.8	–	1.8	–
Current liabilities				
Contingent consideration	(3.0)	–	–	(3.0)
Total	7.7	8.0	1.7	(2.0)

The fair value hierarchy has the following levels:
Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair value of forward foreign exchange contracts is determined by comparing the cash flows generated by the contract with the coterminus cash flows potentially available in the forward exchange market on the balance sheet date. The available for sale unlisted investments are carried at cost, which is the Directors' best estimate of fair value as there is no active market in which these are traded. The Directors do not intend to dispose of these unlisted investments. The fair value of listed equities and mutual funds is based on their current bid prices, which is considered to be the most representative of fair value, in an active market at the balance sheet date. The fair values of the environmental escrow and the promissory note, included in non-current investments, are determined by discounting the expected future cash flows. The fair value of the contingent consideration arrangements was estimated by applying the income approach and appropriate discount rates. The fair values of non-US Dollar denominated financial instruments are translated into US Dollars using the period end exchange rate.

The inputs used to determine the fair value of unlisted equity investments, the environmental escrow and the contingent consideration arrangements are not based on observable market data and therefore their fair value measurements can be categorised in Level 3 of the fair value hierarchy. The inputs used to determine the fair value of derivative financial instruments are inputs other than quoted prices that are observable and so the fair value measurement can be categorised in Level 2 of the fair value hierarchy. The fair value of listed equity investments and mutual funds is based on quoted market prices and so the fair value measurement can be categorised in Level 1 of the fair value hierarchy.

NOTES
CONTINUED

14. Financial Instruments: Fair Values continued

The table below shows a reconciliation of the fair value measurements in Level 3 of the fair value hierarchy.

	Contingent consideration $m	Available for sale financial assets $m	Total $m
At 1 January 2014	**(3.0)**	**1.0**	**(2.0)**
Cash paid	**3.0**	**–**	**3.0**
At 30 June 2014	**–**	**1.0**	**1.0**

	Restated		
	Contingent consideration $m	Available for sale financial assets $m	Total $m
At 1 January 2013	(4.8)	0.7	(4.1)
Cash paid	2.0	–	2.0
At 30 June 2013	(2.8)	0.7	(2.1)

	Contingent consideration $m	Available for sale financial assets $m	Total $m
At 1 January 2013	(4.8)	0.7	(4.1)
Additions	–	0.3	0.3
Unwinding of discount	(0.2)	–	(0.2)
Cash paid	2.0	–	2.0
At 31 December 2013	(3.0)	1.0	(2.0)

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